

**MOR-1**

CASE NAME: Lajitas Resorts, Ltd.  
 CASE NUMBER: 07-70143  
 PROPOSED PLAN DATE: \_\_\_\_\_

**UNITED STATES BANKRUPTCY COURT**

PETITION DATE: 07/02/07  
 DISTRICT OF TEXAS: Western  
 DIVISION: Midland

**MONTHLY OPERATING REPORT SUMMARY FOR MONTH**

**AUGUST**      **YEAR**      **2007**

<b>MONTH</b>	July	August				
REVENUES (MOR-6)	210,865.00	180,205.00	0.00	0.00	0.00	0.00
INCOME BEFORE INT; DEPREC./TAX (MOR-6)	-299,551.00	-420,415.00	0.00	0.00	0.00	0.00
NET INCOME (LOSS) (MOR-6)	-916,199.00	-817,084.00	0.00	0.00	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	54,558.99	60,170.48	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	1,500.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL DISBURSEMENTS (MOR-8)</b>	<b>500,785.91</b>	<b>794,664.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

\*\*\*The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee\*\*\*

<b>REQUIRED INSURANCE MAINTAINED</b>			<b>EXP.</b> <b>DATE</b>	<b>CIRCLE ONE</b>
<b>AS OF SIGNATURE DATE</b>				
CASUALTY	YES <u>  X  </u>	NO _____	04/30/07	<b>Yes</b>
LIABILITY	YES <u>  X  </u>	NO _____	04/30/07	<b>Yes</b>
VEHICLE	YES <u>  X  </u>	NO _____	04/30/07	<b>Yes</b>
WORKER'S	YES <u>  X  </u>	NO _____	04/30/07	<b>Yes</b>
OTHER	YES <u>  X  </u>	NO _____	04/30/07	<b>Yes</b>
Are all accounts receivable being collected within terms? <b>Yes</b>				
Are all post-petition liabilities, including taxes, being paid within terms? <b>Yes</b>				
Have all tax returns and other required government filings been timely paid? <b>Yes</b>				
Have any pre-petition liabilities been paid? <b>Yes</b>				
If so, describe <u>Payroll &amp; leases approved by the court</u>				
Are all funds received being deposited into Debtor in Possession bank accounts? <b>Yes</b>				
Were any assets disposed of outside the normal course of business? <b>No</b>				
If so, describe _____				
Are all U.S. Trustee Quarterly Fee Payments current? <b>Yes</b>				
What is the status of your Plan of Reorganization? _____				

ATTORNEY NAME: Mark J. Petrocchi  
 FIRM NAME: Goodrich Postnikoff Albertson & Petrocchi, LLP  
 ADDRESS: 777 Main Street  
Suite 1360  
 CITY, STATE, ZIP: Fort Worth, TX 76102  
 TELEPHONE/FAX: (817) 347-5269/(817) 338-9209

INITIALS _____
DATE _____
UST USE ONLY

*I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.*

**SIGNED X**  **TITLE:** CFO  
 (ORIGINAL SIGNATURE)  
Cynthia L. Matulich 8/24/07  
 (PRINT NAME OF SIGNATORY)      DATE Revised 11/08/05

**MOR-1**

CASE NAME: Lajitas Resorts, Ltd.  
CASE NUMBER: 07-70143

### COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	7/2/2007 0:00	Jul-07	Aug-07				
<b>CURRENT ASSETS</b>							
Cash	41,785.00	613,300.00	23,169.00				
Accounts Receivable, Net	194,430.00	194,387.00	161,371.00				
Inventory: Lower of Cost or Market	515,234.00	504,628.00	504,412.00				
Prepaid Expenses	304,679.00	341,409.00	408,153.00				
Investments							
Other							
<b>TOTAL CURRENT ASSETS</b>	<b>1,056,128.00</b>	<b>1,653,724.00</b>	<b>1,097,105.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
PROPERTY, PLANT & EQUIP. @ COST	38,955,273.00	38,980,209.00	39,012,779.00				
Less Accumulated Depreciation	9,520,602.00	9,654,671.00	9,788,540.00				
<b>NET BOOK VALUE OF PP &amp; E</b>	<b>29,434,671.00</b>	<b>29,325,538.00</b>	<b>29,224,239.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER ASSETS</b>							
1. Tax Deposits							
2. Investments in Subsidiaries	19,161,435.00	19,227,812.00	19,263,648.00				
3. Electric Deposit							
4.							
<b>TOTAL ASSETS</b>	<b>\$49,652,234.00</b>	<b>\$50,207,074.00</b>	<b>\$49,584,992.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

\* Per Schedules and Statement of Affairs

**MOR-2**

Revised 11/08/05

CASE NAME: Lajitas Resorts, Ltd.  
CASE NUMBER: 07-70143

### COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
LIABILITIES	7/2/2007 0:00	Jul-07	Aug-07				
POST-PETITION LIABILITIES(MOR-4)	0.00	678,266.00	1,759,406.00				
PRE-PETITION LIABILITIES							
Notes Payable - Secured	12,500,000.00	12,500,000.00	12,500,000.00				
Priority Debt (** Pre-petition)	149,733.00	146,183.00	0.00				
Federal Income Tax							
FICA/Withholding (** Pre-petition)	-3,719.00		0.00				
Unsecured Debt	3,838,014.00	3,819,353.00	3,815,666.00				
Other	2,692,273.00	3,503,538.00	2,767,270.00				
TOTAL PRE-PETITION LIABILITIES	19,176,301.00	19,969,074.00	19,082,936.00	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>19,176,301.00</b>	<b>20,647,340.00</b>	<b>20,842,342.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK							
ADDITIONAL PAID-IN CAPITAL	83,654,507.00	83,654,507.00	83,654,507.00				
RETAINED EARNINGS: Filing Date	-53,178,574.00	-53,178,574.00	-53,178,574.00				
RETAINED EARNINGS: Post Filing Date		-916,199.00	-1,733,283.00	0.00	0.00	0.00	0.00
TOTAL OWNER'S EQUITY (NET WORTH)	30,475,933.00	29,559,734.00	28,742,650.00	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES &amp; OWNERS EQUITY</b>	<b>\$49,652,234.00</b>	<b>\$50,207,074.00</b>	<b>\$49,584,992.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

\* Per Schedules and Statement of Affairs

**MOR-3**

Revised 11/08/05

(\*\* Pre-petition) Payroll and payroll taxes were included as a priority claim, but it was not posted until July due to the timing of the payperiod ending and pay dates.

CASE NAME: Lajitas Resorts, Ltd.  
 CASE NUMBER: 07-70143

**SCHEDULE OF POST-PETITION LIABILITIES**

	MONTH Jul-07	MONTH Aug-07	MONTH	MONTH	MONTH	MONTH
<b>TRADE ACCOUNTS PAYABLE</b>	140,055.00	57,014.00				
<b>TAX PAYABLE</b>						
Federal Payroll Taxes	20,007.00	19,166.00				
State Payroll Taxes	7,429.00	8,138.00				
Ad Valorem Taxes						
Other Taxes	10,775.00	8,724.00				
<b>TOTAL TAXES PAYABLE</b>	38,211.00	36,028.00	0.00	0.00	0.00	0.00
<b>SECURED DEBT POST-PETITION</b>						
<b>ACCRUED INTEREST PAYABLE</b>		716,638.00				
<b>ACCRUED PROFESSIONAL FEES*</b>						
<b>OTHER ACCRUED LIABILITIES</b>						
1. Advance from Steve Smith	500,000.00	800,000.00				
2. Payroll/Vacation/Incentives		28,871.00				
3. Deposits		10,195.00				
4 Accrued Property Tax		56,000.00				
4 Other Accruals		54,660.00				
<b>TOTAL POST-PETITION LIABILITIES (MOR-3)</b>	\$678,266.00	\$1,759,406.00	\$0.00	\$0.00	\$0.00	\$0.00

\*Payment requires Court Approval

**MOR-4**

*Revised 11/08/05*

CASE NAME: Lajitas Resorts, Ltd.

CASE NUMBER: 07-70143

**AGING OF POST-PETITION LIABILITIES**

MONTH August

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	
0-30	74,337.48	38,309.48	19,166.00	8,138.00	8,724.00	
31-60	125.95	125.95				
61-90	0.00	0.00				
91+	18,578.51	18,578.51				
<b>TOTAL</b>	<b>\$93,041.94</b>	<b>\$57,013.94</b>	<b>\$19,166.00</b>	<b>\$8,138.00</b>	<b>\$8,724.00</b>	<b>\$0.00</b>

**AGING OF ACCOUNTS RECEIVABLE**

MONTH	TOTAL	Club A/R	Hotel A/R			
0-30 DAYS	39,368.58	34,741.23	4,627.35			
31-60 DAYS	16,230.58	10,718.71	5,511.87			
61-90 DAYS	11,989.40	7,709.52	4,279.88			
91+ DAYS	99,513.84	80,789.42	18,724.42			
<b>TOTAL</b>	<b>\$167,102.40</b>	<b>\$133,958.88</b>	<b>\$33,143.52</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**MOR-5**

*Revised 11/08/05*

CASE NAME: Lajitas Resorts, Ltd.  
CASE NUMBER: 07-70143

STATEMENT OF INCOME (LOSS)

	MONTH Jul-07	MONTH Aug-07	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
REVENUES (MOR-1)	210,865.00	180,205.00					391,070.00
TOTAL COST OF REVENUES	86,809.00	55,374.00					142,183.00
GROSS PROFIT	124,056.00	124,831.00	0.00	0.00	0.00	0.00	248,887.00
<b>OPERATING EXPENSES:</b>							
Selling & Marketing	11,100.00	10,160.00					21,260.00
General & Administrative	45,164.00	127,223.00					172,387.00
Insiders Compensation		1,036.00					1,036.00
Professional Fees							0.00
Payroll	234,278.00	253,109.00					487,387.00
Other	133,065.00	153,718.00					286,783.00
<b>TOTAL OPERATING EXPENSES</b>	<b>423,607.00</b>	<b>545,246.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>968,853.00</b>
INCOME BEFORE INT, DEPR/TAX (MOR-1)	-299,551.00	-420,415.00	0.00	0.00	0.00	0.00	-719,966.00
INTEREST EXPENSE	482,579.00	262,801.00					745,380.00
DEPRECIATION	134,069.00	133,868.00					267,937.00
OTHER (INCOME) EXPENSE*							0.00
OTHER ITEMS**							0.00
<b>TOTAL INT, DEPR &amp; OTHER ITEMS</b>	<b>616,648.00</b>	<b>396,669.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,013,317.00</b>
NET INCOME BEFORE TAXES	-916,199.00	-817,084.00	0.00	0.00	0.00	0.00	-1,733,283.00
FEDERAL INCOME TAXES							0.00
<b>NET INCOME (LOSS) (MOR-1)</b>	<b>(\$916,199.00)</b>	<b>(\$817,084.00)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$1,733,283.00)</b>

Accrual Accounting Required, Otherwise Footnote with Explanation.

\* Footnote Mandatory.

\*\* Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

**MOR-6**

Revised 11/05/05

July General and Administrative Expenses includes a credit of \$35K for a prior period coding error.

July Payroll includes a \$59K Workers' Comp Refund

August Other Expenses includes a \$10K application fee to Ft. Ashford Funds and a \$25K pre-petition advance from Steve Smith recorded after the fact.

CASE NAME: Lajitas Resorts, Ltd.  
CASE NUMBER: 07-70143

CASH RECEIPTS AND DISBURSEMENTS	MONTH Jul-07	MONTH Aug-07	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	41,785.00	613,300.00	23,169.93	23,169.93	23,169.93	23,169.93	41,785.00
<b>RECEIPTS:</b>							
2. CASH SALES	197,241.20	184,918.77					382,159.97
3. COLLECTION OF ACCOUNTS RECEIVABLE	15,686.71	18,390.01					34,076.72
4. LOANS & ADVANCES (attach list)	800,000.00	0.00					800,000.00
5. SALE OF ASSETS	0.00	0.00					0.00
6. OTHER (attach list)	59,373.00	1,226.13					60,599.13
<b>TOTAL RECEIPTS**</b>	<b>1,072,300.91</b>	<b>204,534.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,276,835.82</b>
(Withdrawal) Contribution by Individual Debtor MFR-2*	0.00	0.00					0.00
<b>DISBURSEMENTS:</b>							
7. NET PAYROLL	199,913.34	324,257.49					524,170.83
8. PAYROLL TAXES PAID	49,665.92	46,650.65					96,316.57
9. SALES, USE & OTHER TAXES PAID	13,818.82	10,824.77					24,643.59
10. SECURED/RENTAL/LEASES	0.00	50,090.45					50,090.45
11. UTILITIES & TELEPHONE	6,083.20	92,671.24					98,754.44
12. INSURANCE	66,731.52	50,186.51					116,918.03
13. INVENTORY PURCHASES	56,460.42	46,512.55					102,972.97
14. VEHICLE EXPENSES***	38,805.36	45,459.88					84,265.24
15. TRAVEL & ENTERTAINMENT	5,004.28	1,530.89					6,535.17
16. REPAIRS, MAINTENANCE & SUPPLIES	13,000.20	13,575.14					26,575.34
17. ADMINISTRATIVE & SELLING	45,917.85	102,905.41					148,823.26
18. ADEQUATE PROTECTION PAYMENT(S)****	3,885.00						3,885.00
19. OTHER (attach list)		10,000.00					10,000.00
<b>TOTAL DISBURSEMENTS FROM OPERATIONS</b>	<b>499,285.91</b>	<b>794,664.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,293,950.89</b>
19. PROFESSIONAL FEES	1,500.00						1,500.00
20. U.S. TRUSTEE FEES	0.00						0.00
21. OTHER REORGANIZATION EXPENSES (attach list)	0.00						0.00
<b>TOTAL DISBURSEMENTS**</b>	<b>500,785.91</b>	<b>794,664.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,295,450.89</b>
22. NET CASH FLOW	571,515.00	-590,130.07	0.00	0.00	0.00	0.00	-18,615.07
23. CASH - END OF MONTH (MOR-2)	613,300.00	23,169.93	23,169.93	23,169.93	23,169.93	23,169.93	23,169.93

\* Applies to Individual debtors only

\*\*Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

Revised 11/08/05

**Note:**

Other Receipts has been used for net transfers between accounts  
and a refund on a workers compensation policy all match MOR8

\*\*\*This is for the fuel purchases for the resort including  
fuel to run the generators on the golf course and utility company

\*\*\*\*Deposit to new garbage company for monthly garbage  
pickup

CASE NAME: Lairess Reports, Ltd.  
CASE NUMBER: 07-70143

CASH ACCOUNT RECONCILIATION  
MONTH OF August-07

BANK NAME	In House Banks	# 707891531	# 145718	Account Closed	Account Closed	# 707891556	# 707891549	# 707891912	# 7051654	# 145734	Account Closed	House Bank	# 2049843747	
ACCOUNT NUMBER	House Banks	OPERATING	PAYROLL	*WTNB - Deposit	*WTNB - Operating	CC DEPOSIT	CONSTRUC. OPERATING	LAKESIDE COTTAGES	CLAY HENRY FUND	PETTY CASH	*PBT - Checking	*Petty Cash-Construction	FUNDING ACCT	TOTAL
BANK BALANCE	0	7,407.60	44,061.05	0.00	0.00	0.00	0.00	1,152.48	1,037.90	50,341.13	0.00	0.00	1.00	104,001.16
DEPOSITS IN TRANSIT	0	25,259.37	0.00	0.00	0.00	77.34	0.00	0.00	0.00	-22,379.08	0.00	0.00	0.00	2,957.63
OUTSTANDING CHECKS	0	26,886.79	45,902.46	0.00	0.00	0.00	0.00	0.00	0.00	7,068.61	0.00	0.00	0.00	79,857.86
ADJUSTED CASH BALANCE	0	5,780.18	-1,841.41	0.00	0.00	77.34	0.00	1,152.48	1,037.90	20,893.44	0.00	0.00	0.00	32,157.55
BEGINNING CASH - PER BOOKS	8,923.00	601,853.60	-1,608.40	5,145.00	-17,742.00	77.34	0.00	1,148.18	1,037.90	14,726.78	3,259.00	-3,516.00	1.00	613,293.40
RECEIPTS*	0	0.00	0.00	0.00	0.00	133,760.70	0.00	4.30	0.00	69,548.08	0.00	0.00	0.00	203,313.08
TRANSFERS BETWEEN ACCOUNTS	0	-76,486.04	227,145.43	0.00	0.00	-129,146.40	4,709.44	0.00	0.00	-25,000.00	0.00	0.00	0.00	1,222.43
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL / DEBTOR MFR-2	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHECKS/OTHER DISBURSEMENTS*	0	519,587.38	227,379.44	0.00	0.00	4,614.30	4,744.44	0.00	0.00	38,375.42	0.00	0.00	0.00	794,654.98
ENDING CASH - PER BOOKS	8,923.00	5,780.18	-1,841.41	5,145.00	-17,742.00	77.34	0.00	1,152.48	1,037.90	20,893.44	3,259.00	-3,516.00	1.00	23,169.93

MOR-8

\*Numbers should balance (match) TOTAL RECEIPTS and  
TOTAL DISBURSEMENTS lines on MOR-7

Revised 11/08/05

\*Accounts closed balances remaining due  
to stale dated deposits and checks not cleared  
from gl.

**CASE NAME:** Lajitas Resorts, Ltd.  
**CASE NUMBER:** 07-70143

## **PAYMENTS TO INSIDERS AND PROFESSIONALS**

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

PROFESSIONALS	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	7/31/2007					
1. Quan, Burdette & Perez-employee visa	1,500.00					
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	1,500.00	0.00	0.00	0.00	0.00	0.00

MOR-9

Revised 11/08/05